

**UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF PUERTO RICO**

In re:

The Financial Oversight and Management Board for  
Puerto Rico,

as representative of

The Commonwealth of Puerto Rico, *et al.*,

Debtors.<sup>1</sup>

PROMESA

Title III

Case No. 17-3283-LTS

**Court Filing Relates Only to  
PREPA**

In re:

The Financial Oversight and Management Board for  
Puerto Rico,

as representative of

The Puerto Rico Electric Power Authority,

Debtor.

PROMESA

Title III

Case No. 17-4780-LTS

(Jointly Administered)

**URGENT MOTION TO FILE SUPPLEMENTAL OBJECTION TO  
DISCLOSURE STATEMENT FOR FIRST AMENDED TITLE III  
PLAN OF ADJUSTMENT OF THE PUERTO RICO ELECTRIC POWER AUTHORITY**

The Ad Hoc Group of PREPA Bondholders (the “Ad Hoc Group”) hereby respectfully submits this urgent motion (the “Urgent Motion”) that it, and other parties in interest, be granted leave to file supplemental objections to the new *Disclosure Statement for First Amended Title III Plan of Adjustment of the Puerto Rico Electric Power Authority* filed by the Financial Oversight

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<sup>1</sup> The Debtors in these Title III Cases, along with each Debtor’s respective Title III case number and the last four (4) digits of each Debtor’s federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17 BK 3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation (“COFINA”) (Bankruptcy Case No. 17 BK 3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority (“HTA”) (Bankruptcy Case No. 17 BK 3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico (“ERS”) (Bankruptcy Case No. 17 BK 3566-LTS) (Last Four Digits of Federal Tax ID: 9686); and (v) Puerto Rico Electric Power Authority (“PREPA”) (Bankruptcy Case No. 17 BK 4780-LTS) (Last Four Digits of Federal Tax ID: 3747) (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

and Management Board for Puerto Rico (the “Oversight Board”) on February 9, 2023 [Case No. 17-4780-LTS, ECF No. 3201] (the “Amended Disclosure Statement”).<sup>2</sup> The Oversight Board consents to this motion, as does the Official Committee of Unsecured Creditors (the “Committee”), U.S. Bank National Association as Trustee (the “Trustee”), Assured Guaranty Corp. and Assured Guaranty Municipal Corp. (together, “Assured”), and Syncora Guarantee Inc. (“Syncora”).

### **JURISDICTION AND VENUE**

1. The United States District Court for the District of Puerto Rico has subject matter jurisdiction pursuant to PROMESA § 306(a). Venue is appropriate in this District pursuant to PROMESA § 307(a).

### **RELIEF REQUESTED**

2. The Ad Hoc Group respectfully request that the Court grant it and other parties in interest leave to file supplemental objections to the Amended Disclosure Statement on or before **3:00 p.m. AST on Friday, February 17, 2023.**

### **BASIS FOR RELIEF REQUESTED**

3. On February 9, 2021, the Oversight Board filed a First Amended Title III Plan of Adjustment of the Puerto Rico Electric Power Authority, accompanied by the Amended Disclosure Statement. The new Plan and Amended Disclosure Statement reflect the terms of the Oversight Board’s settlement with National Public Finance Guarantee Corp. (“National”), add two new classes of claims, and incorporate a number of new or revised exhibits regarding PREPA’s proposed Legacy Charge and other components of its Plan.

4. At last week’s omnibus hearing, counsel for the Oversight Board previewed that an amended Plan and revised Disclosure Statement were likely imminent. The Oversight Board stated

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<sup>2</sup> Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Amended Disclosure Statement.

that it “would consent and consents now to parties filing supplemental objections.” 2/1/23 Hr’g Tr. 7:3-4. The Oversight Board has since then re-confirmed its consent to this Urgent Motion. *See* FOMB Urgent Mot., ECF No. 3202 (Feb. 10, 2022) at ¶ 7 (“The Oversight Board has agreed that it will not object to the Ad Hoc Group or the Committee’s motion for a supplemental Disclosure Statement objection, to be filed no later than February 17, 2023, by 3:00pm (AST).”).

5. The Ad Hoc Group, and other interested parties, should be afforded sufficient opportunity to review the Amended Disclosure Statement and prepare and file supplemental objections it. The Amended Disclosure Statement, and the new Plan provisions it describes, raises significant new issues. The Oversight Board now proposes to settle National’s bond claims for more than 83 cents on the dollar, well above the 50-cent settlement offer the Oversight Board is currently offering other bondholders through its solicitation process (and even well above the 51-56 cent recovery that the Oversight Board has proposed for Non-Settling Bondholders who win the lien-and-recourse litigation on all grounds). What is more, the Oversight Board appears to have accommodated its settlement with National by adjusting the total distributable value that it asserts to be all PREPA can afford to pay creditors, but (once again) without any explanation of how and why PREPA can now afford a different sum than what the Oversight Board has previously asserted.

6. The Ad Hoc Group anticipates using its supplemental objection to explain these and other new grounds for this Court to deny approval of the Amended Disclosure Statement. The timing of this supplemental objection, ahead of the hearing scheduled on February 28, was entirely in the Oversight Board’s control. It announced its settlement in principle with National on December 16, 2022, nearly two months ago. FOMB Info. Mot., ECF No. 3115. It finalized that settlement on January 31, 2023. *See* National PSA (Ex. N to Amended Disclosure Statement).

National's parent company publicly announced that the settlement two days later. *See* MBIA Inc., Current Report (Form 8-K) (Feb. 2, 2023)). And yet it took *nine days*, until February 9, for the Oversight Board to disclose the National Settlement's terms and its effect on the Plan and Disclosure Statement.

7. The Oversight Board consents to the filing of supplemental objections to the Amended Disclosure Statement no later than 3:00 p.m. AST on February 17, 2023.

#### **CERTIFICATION**

7. Pursuant to Local Rule 9013-1 and paragraph I.H of the Case Management Procedures, the Ad Hoc Group certifies that (a) it has carefully examined the matter and concluded that there is a true need for an urgent hearing; (b) the urgency was not created through a lack of due diligence; (c) that it made a bona fide effort to resolve the matter without a hearing; (d) that it made reasonable, good faith communications in an effort to resolve or narrow the issues being brought to the Court; (e) that it conferred with counsel for the Oversight Board, the Committee, the Trustee, Assured, and Syncora, all of which consent to this motion; and (f) that they communicated with those parties in a reasonable, good-faith manner with respect to the relief sought by this motion.

#### **NOTICE**

8. Notice of the motion and of the proposed relief requested herein has been provided to counsel to the Oversight Board, the Committee, Assured, and Syncora.

#### **NO PRIOR REQUEST**

9. No prior request for the relief requested herein has been made by the Ad Hoc Group to this or any other court.

WHEREFORE, the Ad Hoc Group respectfully requests that this Court enter an order substantially in the form attached hereto as Exhibit A granting the relief requested herein and granting such other relief as this Court deems just and proper.

We hereby certify that, on this same date, we electronically filed the foregoing with the clerk of the Court using the CM/ECF system, which will notify the attorneys of record.

Dated: San Juan, Puerto Rico  
February 10, 2023

**TORO COLÓN MULLET P.S.C.**

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